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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR TURKS AND CAICOS ISLANDS

Programme period	Resources	$
1993-1996	Net IPF	971 000
	Estimated cost-sharing	-
	Total	971 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 6	2
	A. Current socio-economic situation	1 - 3	2
	B. National development objectives and strategies ...	4 - 6	2
II.	EXTERNAL COOPERATION	7 - 11	3
	A. Role of external cooperation	7 - 9	3
	B. Coordination of technical cooperation	10 - 11	4
III.	THE COUNTRY PROGRAMME	12 - 37	4
	A. Assessment of ongoing country programmes	12 - 16	4
	B. Proposals for UNDP cooperation	17 - 35	5
	C. Cooperation outside selected country programme areas	36	9
	D. Implementation and management arrangements	37	9

Annexes

I.	Financial summary	10
II.	Programme matrix	12

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. One of the most significant features of the small and highly vulnerable economy of the Turks and Caicos Islands is the almost total dependence on the outside world. This dependence, due in part to the limited natural resources at its disposal, has grown over the last two decades with the collapse of the salt industry and the movement away from subsistence agriculture. The economy is driven by three main sectors, namely, tourism, fisheries and offshore financial operations. The tourist industry is the largest contributor to the gross domestic product, private-sector income and employment.

2. Some social and economic indicators give a misleading picture of the actual state of development of the eight islands, which together have a total population of 12,350. GDP growth in the 1980s averaged 15 per cent and is projected at 15 to 20 per cent for the next five years. Unemployment is low, at about 4.6 per cent. There is no evidence of significant gender bias in the education system, and the pupil-teacher ratio is 13 to 1. Life expectancy at birth is 74 years. There are, however, other less positive indicators. For instance, access to health services is less than optimal. The crude live birth rate per thousand population is 30. More than 50 per cent of the population have no water catchment facilities and therefore depend on trucks to deliver their water supplies.

3. A major constraint on growth prospects is the conflict between development and the material betterment it brings, on the one hand, and the social change to which it invariably leads on the other. An economically and socially stratified society has emerged with the local population caught between North American, European and Caribbean expatriates. An expanding tourist industry has put direct pressure on the environment, and uncontrolled development is expected to harm the country's scenic coastal beauty and marine resources. Pressures are also caused by the growing immigrant workforce, consisting mainly of Haitians and Dominicans. Housing, water supply and social services are severely strained. A more harmonious balance needs to be struck between economic goals and the physical and socio-cultural environment. Other serious environmental problems are already evident. These include saline intrusion in the freshwater lens and some instances of contamination due to the inadequacy of sewage disposal systems. These problems not only threaten the viability of the tourist industry but can also increase the pressures on the health system.

B. National development objectives and strategies

4. The Government has embarked on a development strategy designed to ensure sustained growth with a view to achieving economic independence from the United Kingdom by 1995. To achieve this goal, several measures are being adopted which will bring increased social and economic benefits through

environmentally sensitive development of tourism, fisheries and offshore financial services.

5. A number of public sector and financial reforms are to be implemented. These will include the establishment of a development corporation and investment bank with responsibility for investment promotion, substantial improvements in physical infrastructure in the areas of water, sewerage, transportation and low-income housing and the implementation of a population policy aimed at increasing the population from 12,350 to 25,000.

6. Public policies will also seek to establish a partner relationship between the public and the private sectors and between expatriates and the local population. Critical action emanating from these relationships include the establishment of a public- and private-sector forum to resolve issues of common interest, such as investment in offshore financial services and tourism; public-sector reform designed to improve the efficiency of the civil service in support of a development effort led by the private sector and measures to improve the educational system in order to increase the skills level of the local population.

II. EXTERNAL COOPERATION

A. Role of external cooperation

7. Given the country's status as a dependency of the United Kingdom, grant aid from other bilateral donors is not substantial. Almost 80 per cent of the development cooperation currently received is provided by the British Development Division (BDD), the development arm of the British Government. Over the next five years, that Government has agreed to provide about $60 million to support national development programmes. Those projects with the highest priority are therefore expected to be funded by the United Kingdom, while remaining capital assistance requirements are expected to be met from soft loans provided by the Caribbean Development Bank (CDB) and from grants from the European Community.

8. In 1992 CDB funding of $407,000 was programmed for a ports development study. An estimated $5 million in grants from the European Community over the next five years has been earmarked for water and sewerage programmes, small community projects and assistance to the Tourist Board. The European Investment Bank has been approached for assistance in financing a proposed new air terminal at Providenciales and in establishing the development corporation and investment bank. Support for these two projects has also been requested from the Commonwealth Development Corporation.

9. The British Development Division provides staff and consultancy inputs estimated at $3 million for the financial year 1992-1993. These inputs are in direct support of various sectors of the economy. After BDD, UNDP is the next largest technical cooperation donor. USAID and CIDA make modest contributions

of $50,000 each to support the work of non-governmental organizations through specific projects.

B. Coordination of technical cooperation

10. Coordination of cooperation is the responsibility of the Public Sector Investment Office, which is also responsible for the implementation of the public-sector investment programme and ensures that projects are properly managed.

11. Since the country receives only limited technical cooperation, the traditional UNDP role in coordinating such cooperation cannot be played in the usual manner. An effort will nevertheless be made to ensure that where possible, linkages are established among the various activities funded from external sources to ensure that there is complementarity, rather than duplication, of effort. The Government also participates in the Caribbean Group for Cooperation in Economic Development, a consultative arrangement sponsored by the major donors, the World Bank, CDB, and UNDP. Consultations within this framework facilitate information exchanges on ongoing and planned technical cooperation activities and seek to strengthen donor coordination.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programmes

12. During the fourth cycle, UNDP demonstrated its capacity to deliver high-level technical support to key sectors, thereby enabling the Government to take important policy decisions regarding future activities in the areas of housing (with UNCHS cooperation), education (with UNESCO cooperation) and water supply (with cooperation provided by the United Nations Department of Technical Cooperation for Development). All projects were agency-executed since most government departments lacked the capacity for national execution.

13. The three areas of cooperation selected were development of policies and improvement of infrastructure; export promotion and human resources development. The main focus of the programme was technical advice and support in national policy formulation and the implementation of plans and strategies.

14. Interventions under the programme were responsible for significant improvements in the Government's physical planning capacity reflected in the design and development of a modern building code and enhancement of the skills, systems, and procedures within the building inspectorate. Cooperation provided through two projects executed by UNCHS also made it possible to formulate housing policies and strategies, which have been adopted. Ten-year spatial plans were formulated for all the islands. Draft legislation to give effect to them was prepared, and staff of the Planning Department was trained to implement the activities involved. A complementary project, occasioned by

Hurricane Kate, produced a complete set of building regulations and codes which set safety standards while at the same time being affordable to middle- and low-income earners. These building codes, which were required under the comprehensive housing strategy, helped to set the policy regarding widespread land speculation and the inability of low-income earners to access loans for purchasing land and housing.

15. By contrast, efforts relating to human resources development met with only limited success. While training was provided for staff within departments responsible for the education, water and health sectors, their impact was insignificant. In retrospect, it may be seen that the fragmented approach adopted resulted in the wide dispersal of limited resources in areas where there were few previously set targets against which subsequent impact could be judged. Education and health staff benefited from training activities funded by UNDP. Their impact was low due to unresolved policy issues on quality standards of service, lack of infrastructure, inadequate compensation systems and weak management. With regard to water supply, however, on the basis of the work done by UNDP and the United Nations Department of Economic and Social Development, the Government was able to review and adopt a water resources master plan covering the period up to the year 2000.

16. UNDP and ILO were also successful in preparing the groundwork for the introduction of a national insurance scheme. A number of short-term consultancies are now paving the way for the full implementation of the scheme.

B. Proposals for UNDP cooperation

1. Preparatory process

17. The preparatory process was guided by the review of the ongoing country programme, the advisory note and a comprehensive discussion between UNDP and government officials on development priorities, strategic goals and programmes, resource projections and the choice of the principal areas of technical cooperation in accordance with the comparative advantages of UNDP.

2. Strategy for UNDP cooperation

18. The Government is committed to forging links between the public and private sectors as a prerequisite for economic development. Foreign investment is expected to increase significantly. It is the Government's intention to limit the scope of the public sector to its core functions and to encourage the private sector to take on activities which now place a strain on existing governmental machinery. UNDP resources will be deployed to provide technical advice and training in order to develop management skills at all levels of government administration so that the public service becomes more

efficient and better able to support the expanding private sector. Public-sector management, coupled with human resources development and education reform will play a key role in this process. Since the development of appropriate infrastructure is necessary to create an environment attractive to private-sector investment, environmental management has been selected as another area of concentration. UNDP cooperation in that area will be directed towards water supply, sewage disposal and efforts to lessen the impact of the tourist industry on the environment.

19. Because of its comparative advantages, including, in particular, global access to technical expertise, the multisectoral scope of its mandate and its ability to relate technical assistance to broad development needs, UNDP is well placed to make an important contribution over the next five years.

3. Proposed UNDP cooperation in selected areas of concentration

Public-sector management

20. National objectives. Although rapid development has occurred recently, efforts to sustain and increase local and expatriate investment will continue to depend on strong government leadership, a clear definition of national development objectives, improved physical infrastructure, effective investment laws and incentives, transparency in institutional arrangements for management of the economy, access to finance and availability of skilled labour.

21. The proposed development corporation and investment bank will seek to mobilize investment capital for projects with attractive rates of return and sound potential for accelerating development. Legislation and regulations will be enacted to facilitate private-sector investment and to enable the Government to monitor the activities concerned. Additional legal expertise is urgently needed in the Attorney General's office, particularly in connection with offshore financial services, in order to complete the required legislation.

22. UNDP cooperation. The Government is convinced that the establishment of the development corporation and investment bank will play a pivotal role in reaching the goal of increased investment in the economy. UNDP cooperation will therefore be used to carry out the preparatory work and pre-feasibility studies on the local and external situation pertaining to the institution and to prepare its mandate. Additional technical cooperation relating to the structure and operation of the new entity will be provided through consultancies in banking, legal drafting, institutional management, portfolio management, budgeting, performance measurement and management information systems.

23. Within the framework of the public-sector reform programme, UNDP support will be concentrated on upgrading the skills of middle- and senior-level managerial staff in positions of critical importance. This task will be

performed through a multidisciplinary training project, which will provide for short-term training in professional management. This cooperation will supplement the Government's ongoing training programmes and will be extended to managers in the tourism and financial services sectors as well.

24. In anticipation of selected public services being privatized or contracted out, the Government has begun to focus on acceptable standards that should be set and on the arrangements which must be made in respect of regulatory and supervisory functions. UNDP cooperation will support the preparation of the legislation and regulations needed with regard to water-related services, land management and management of the marine environment and the conduct of offshore financial business. It is envisaged that UNDP will support a multisectoral technical advisory programme which will supply expertise to prepare base-line studies, conduct technical reviews and draft legislation on standards.

25. Expected impact. Through the interventions proposed, not only will managerial gaps be filled as part of the restructuring process but opportunities for redeployment will also be opened up as a result of expanded private-sector activities. The training programmes will contribute directly to national capacity-building and improved public-sector efficiency. In addition, the results of the research and technical reviews conducted in priority sectors will provide the Government with sound bases on which to adopt policies and incentive systems for guiding and encouraging private-sector activities.

26. Complementary assistance. The European Investment Bank and the Commonwealth Development Corporation have expressed interest in supporting the establishment of the development corporation and investment Bank. ODA is providing funds for the major part of the public-sector reform programme.

Education

27. National objectives. The Government is interested in ensuring the availability of an adequate number of trained nationals to take up employment opportunities. The education and training system will be reviewed so that the Government can institute appropriate reforms to improve the quality of education and make the system more responsive to labour market trends. Management of the education and training sector, teacher training, conditions of service, and curriculum development are among the issues to be addressed.

28. UNDP cooperation. The Government has adopted a utilitarian approach, which encourages the establishment of a direct relationship between education and training on the one hand and economic opportunity, on the other. UNDP cooperation in this sector will therefore be aimed at curriculum reform and in-service teacher training. This cooperation will build on the efforts begun in the fourth cycle and will culminate in the establishment of a community college which will deliver a course of post-secondary studies closely aligned to the needs of the world of work.

29. Expected impact. A revised secondary-level curriculum and improved teacher training will lay the groundwork for a more effective education system and will also improve the standard of education available to the local population. They will also provide a basis for the establishment of the proposed post-secondary community college.

30. Complementary assistance. The Department of Education is the recipient of cooperation provided by the United Kingdom (ODA) over a two-year period for the purpose of upgrading the academic standards of unqualified teachers. Funding will also be sought from the British Development Division to support the establishment of the proposed community college.

Environmental management

31. National objectives. Within the natural resources sector, the Government has identified adequate water supply at internationally acceptable standards as one of its principal objectives. A water-resources development plan was produced on the basis of the needs projected over the next 20 years. This plan has not yet been implemented owing to human and financial constraints; however, the Government has earmarked $580,000 for a comprehensive project encompassing water and sewage policy, hydrogeological investigations and measures to supply from wells on the island of Providenciales and from cisterns in Salt Cay.

32. The development strategy envisages greater institutional cooperation through on the one hand, ministries dealing with natural resources, social services and works, which share responsibility for environmental management and, on the other hand, strengthened institutional capacity to assess the impact of activities on the environment. In this context, developments in the tourist industry will be appraised to ensure that damage to the natural environment is kept to a minimum.

33. UNDP cooperation. UNDP cooperation will focus on the drafting and enacting of legislation, particularly the Water Act and legislation relating to groundwater protection. The managerial and administrative capacity of the Water Department will also be strengthened and will include expansion of the management database developed under a previous UNDP project. A study of cost-effective techniques suitable for use in connection with sewage disposal will be conducted, taking account of experience in similar small islands. Skills of existing staff will be upgraded to enable the Planning Department to undertake environmental impact assessments.

34. Expected impact. The studies prepared will enable the Government to decide on the best type of sewage disposal facilities to adopt. The options under consideration will include that of a centralized system in Grand Turk. Training of staff in the Water Department will equip them to carry out their mandate more effectively and help them in monitoring the operations of private contractors.

35. Complementary assistance. UNDP cooperation will complement programmes supported by the European Community and the United Kingdom (ODA) in the development of water and sewage systems on Providenciales, being directed mainly to the other islands. The United Kingdom, acting through BDD, has also agreed to fund a series of environmental protection projects for selected islands. These capital projects, costing over $1 million, are concerned with such activities as solid waste management, rehabilitation of the central salina, and control of untethered animals.

C. Cooperation outside selected areas of concentration

36. During the fifth cycle, no assistance is envisaged outside the three areas of concentration.

D. Implementation and management arrangements

37. Agencies in the United Nations system will provide technical expertise and administrative services, particularly in the water sector. It is also expected that under the Technical Advisory Programme, United Nations agencies will be requested to assist in carrying out technical reviews and base-line studies. Efforts will be made to utilize the TCDC modality drawing on experience from within the region. UNISTAR will also be asked to provide expertise, especially in investment banking. As institutional capacities are strengthened during implementation of the programme, use of the national execution modality will be encouraged and supported.

Annex 1

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + COST-SHARING) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF/2nd country programme	230	
Fifth cycle IPF	971	
Estimated 1992 expenditure	(230)	
Subtotal IPF		971
Project cost-sharing (Government)	-	
Project cost-sharing (third party)	-	
Programme cost-sharing	-	
Subtotal cost-sharing		-
TOTAL		971

II. ALLOCATION OF RESOURCES (IPF + COST-SHARING) BY AREA OF CONCENTRATION

Area of Concentration	Thousands of dollars IPF	Cost-sharing	Total	Percentage of total resources
Public sector management	450	-	450	46
Education	250	-	250	26
Environmental management	221		221	23
Subtotal	921	-	921	95
Unprogrammed reserve	50	-	50	5
TOTAL	971	-	971	100

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III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

	Thousands of dollars
A. UNDP-administered funds	
SPR	-
UNCDF	-
UNSO	-
UNIFEM	-
United Nations Revolving Fund for Natural Resources Exploration	-
United Nations Fund for Science and Technology	-
Subtotal	-
B. Other United Nations resources	
JCGP participating agencies	
UNFPA	-
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	
Global Environment Facility	-
Subtotal	-
Total non-core and other United Nations resources	-
C. Non-United Nations resources	
TOTAL	-

Annex II

PROGRAMME MATRIX

Area of focus a/

Area of Concentration	Poverty eradication and grassroots participation in development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. Public-sector management						
Strengthening of public/private sector partnership		*	*	*		
Multi-disciplinary training			*	*		
Technical advisory programme (Public-sector administration)			*	*		
II. Education						
Sector review			*	*		
Post secondary capability			*	*	*	*
In-service teacher training			*	*	*	*
III. Environmental management						
Water-resources management	*	*	*	*	*	
Waste disposal	*	*	*	*	*	

a/ Asterisks indicate only SPR-financed, country-specific commitments.